

What creates this demand charge on my electric bill? Tips to manage your demand & save money

With the new demand charge occurring on the January 1 electric rates, we wanted to help educate you on what type of appliances add how much demand (kilowatts or kW) to your next electric bill (mailed February 4th).

Knowledge is power or in this case using your electricity wisely. The rule of thumb with demand is to spread out your electric appliance use over the day or evening, instead of using it all at once. For example, If you use your clothes dryer (5 kw), electric oven and range (3 kw) and a space heater (1.5 kW) all at once when you get home from work at 5:30 p.m. your demand could total up 9.5 kW. Alternatively, use the microwave for supper (1 kW) at 6 p.m. then at 7 p.m. use the clothes dryer (5kW) and put on a sweatshirt instead of running the space heater. Then your peak demand for the evening was 5 kW. When you add the \$4 demand charge to each scenario that's 9.5 kWx\$4=\$38 versus 5 kWx\$4= \$20.

Remember that participating in Federated's water heater program manages your water heater demand for you. Under the off-peak program on a cold peak day the water heater is typically off from 3-9 p.m. and/or possibly 6-9 a.m. in the winter. Meanwhile, with the storage water heater program your water heater is controlled during the day and heats water at night. Participating in this program is good for Federated's wholesale power rates and your retail electric rates. That's why you can buy a Federated large capacity water heater with a lifetime warranty against leakage for the original owner for \$750, plus tax. Installation is included — that's more than a half price water heater!

Demand tips for saving money

- The rule of thumb is that appliances with motors (central air, fridges and washers) have high starting watts (surge power) that can be three to seven times their running watts.

- Another key takeaway is that heating (dryers, heaters and ovens) consume the most energy, requiring high kW.

High-demand appliances (run less often, but use more power)		
Central air conditioner	2,000-5,000 watts	2-5 kW
Electric water heater	4,500 watts	4.5 kW
Clothes dryer	2,500-5,000 watts	2.5-5 kW
Electric oven/range	2,000-3,000 watts	2-3 kW
Space heater	1,500 watts	1.5 kw
Medium-demand appliances (frequent use, but moderate power use)		
Dishwasher	1,200-1,500 watts	1.2-1.5 kW (cycles)
Microwave oven	1,000 watts	1 kW
Refrigerator/freezer	100-800 watts	.1-.8 kW varies by age/size
Washing machine	290 watts	.29 kW (cycles)
Coffee maker	800-1,200 watts	.8-1.2 kW
Low-demand appliances (continuous or short bursts)		
LED TV (42")	70-180 watts	.07-.18 kW
Desktop computer	60-250 watts	.06-.25 kW
LED light bulb, 60-watt equivalent	7-15 watts	.007-.015 kW
Laptop charger	30-120 watts	.03-.12 kW

You have control over your demand charges by managing when you use certain appliances. Rather than doing everything in one hour, spread it out over the day or evening to reduce your demand.

- Another factor is the age of your appliance. If your refrigerator is 25 years old or older, consider a newer Energy Star model to cut your monthly energy use. Federated offers rebates on Energy Star refrigerators and freezers with proof of recycling the old unit. The rebate is \$75. Meanwhile, the co-op's Energy Star dehumidifier rebate is \$25. Find these forms on our website or call us to request a rebate form. The rebates require a receipt as your proof of purchase; the rebate will be a credit on your electric bill once processed.

- If you have a central air unit older than 10-20 years, you may want to consider upgrading to an energy-efficient air source heat pump for greater efficiency. Check out Federated's heat pump rebates found on our website.

- Any appliance that requires a double or 240-volt breaker in your electric panel creates more demand: water heater, oven, dryer, hot tub and electric vehicle charger.

- A few LED lights and just a refrigerator could be under 1 kW.

Website gives more demand info

If you missed the bill insert with the December 4th electric bills, you can find it and the previous *Connections* newsletter stories on our website (federatedrea.coop). Click on "billing" and then on "2026 rate increase." Find a video too that helps illustrate demand charges.

Remember, demand is like a football stadium. Builders design the stadium to hold thousands of fans for a few hours. The majority of the year, the stadium sits vacant, but the seats, restrooms and parking garage remain. The electric grid is like a stadium. Federated and our wholesale power providers build the electric distribution system to accommodate the maximum amount of electricity needed, even if the members don't use the maximum capacity 24/7.

While your demand is increasing, the electric rate (measured in kilowatt-hours kWh) is decreasing, along with the power cost adjustment (PCA). 